

Navigating troubled waters

Iran war impacts on New Zealand

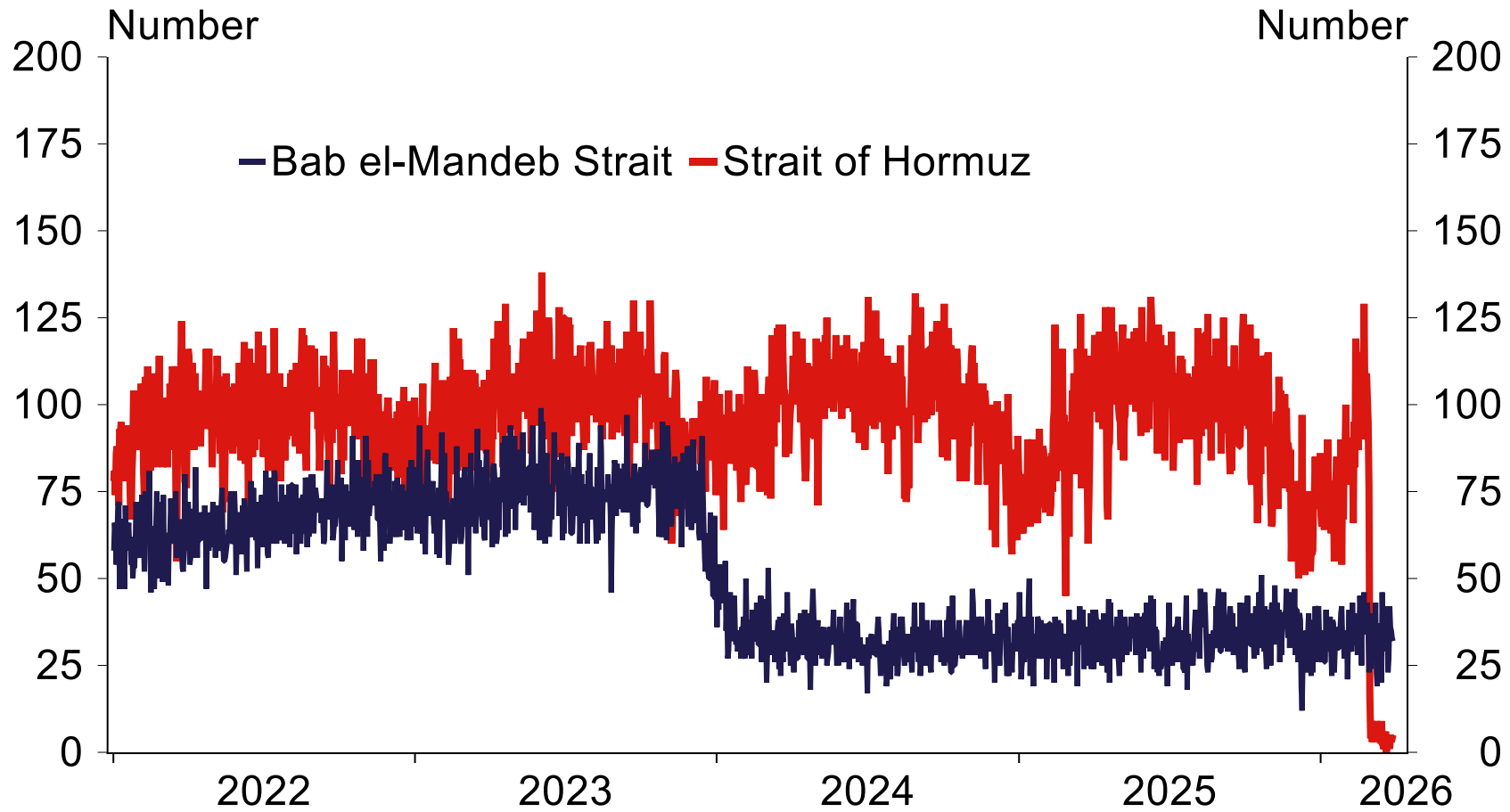
April 2026



Iran war update



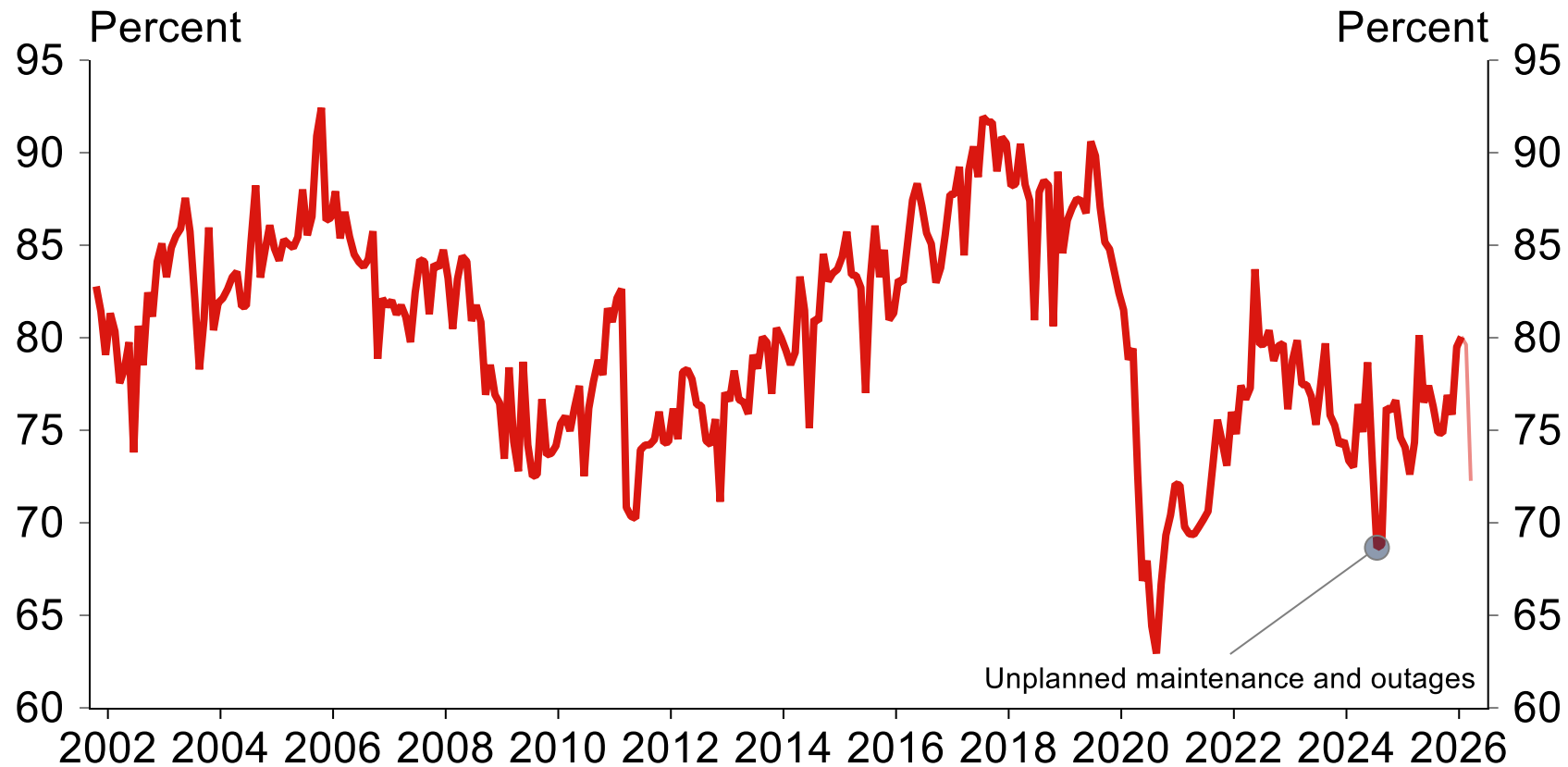
The Strait of Hormuz is closed to traffic



Sources: Macrobond, IMF, Westpac

Asian refinery capacity accordingly being scaled back

Japan refinery utilisation - seasonally adjusted

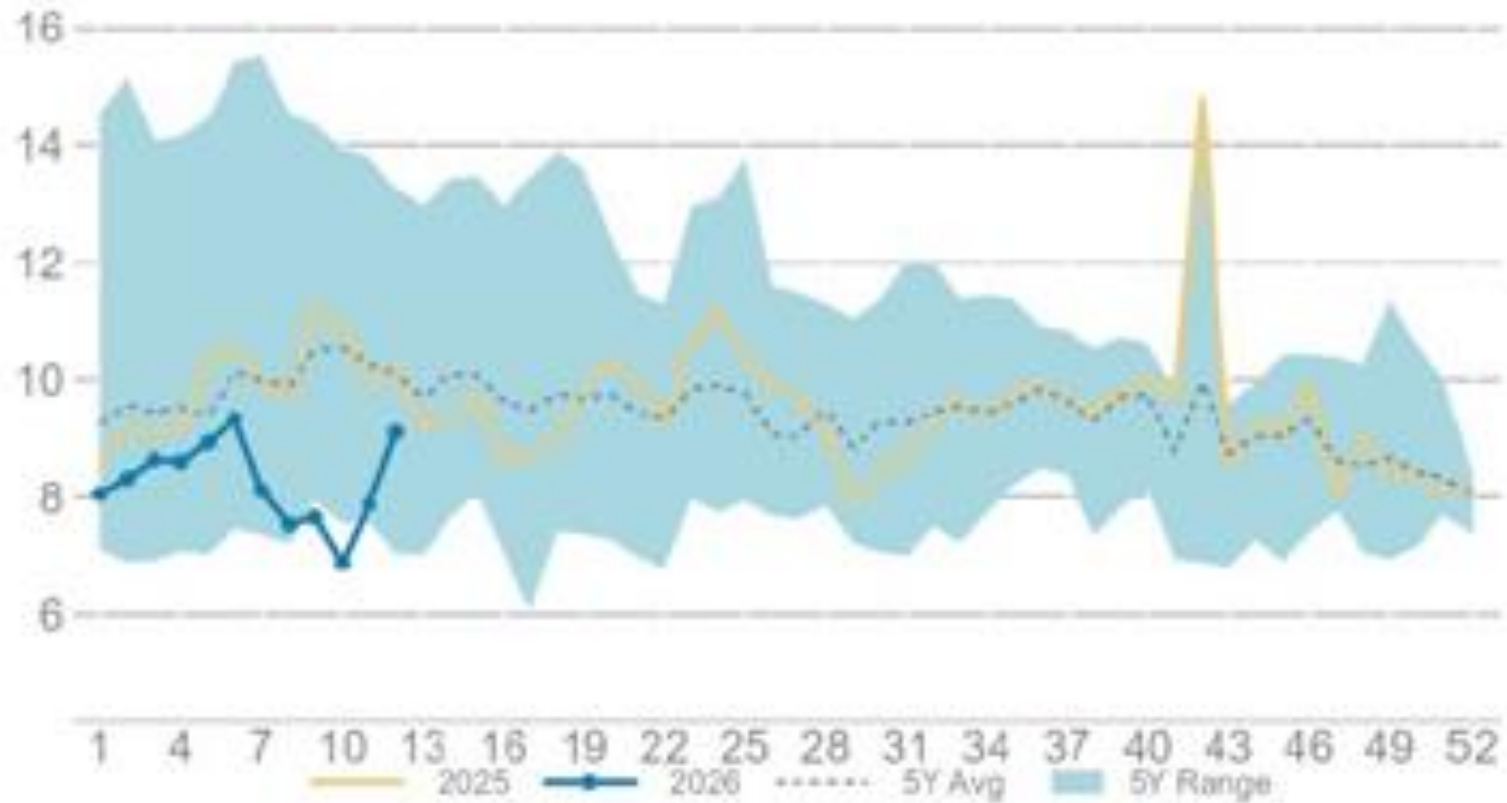


Sources: Macrobond, PAJ, Westpac

Singapore has low stocks of distillates

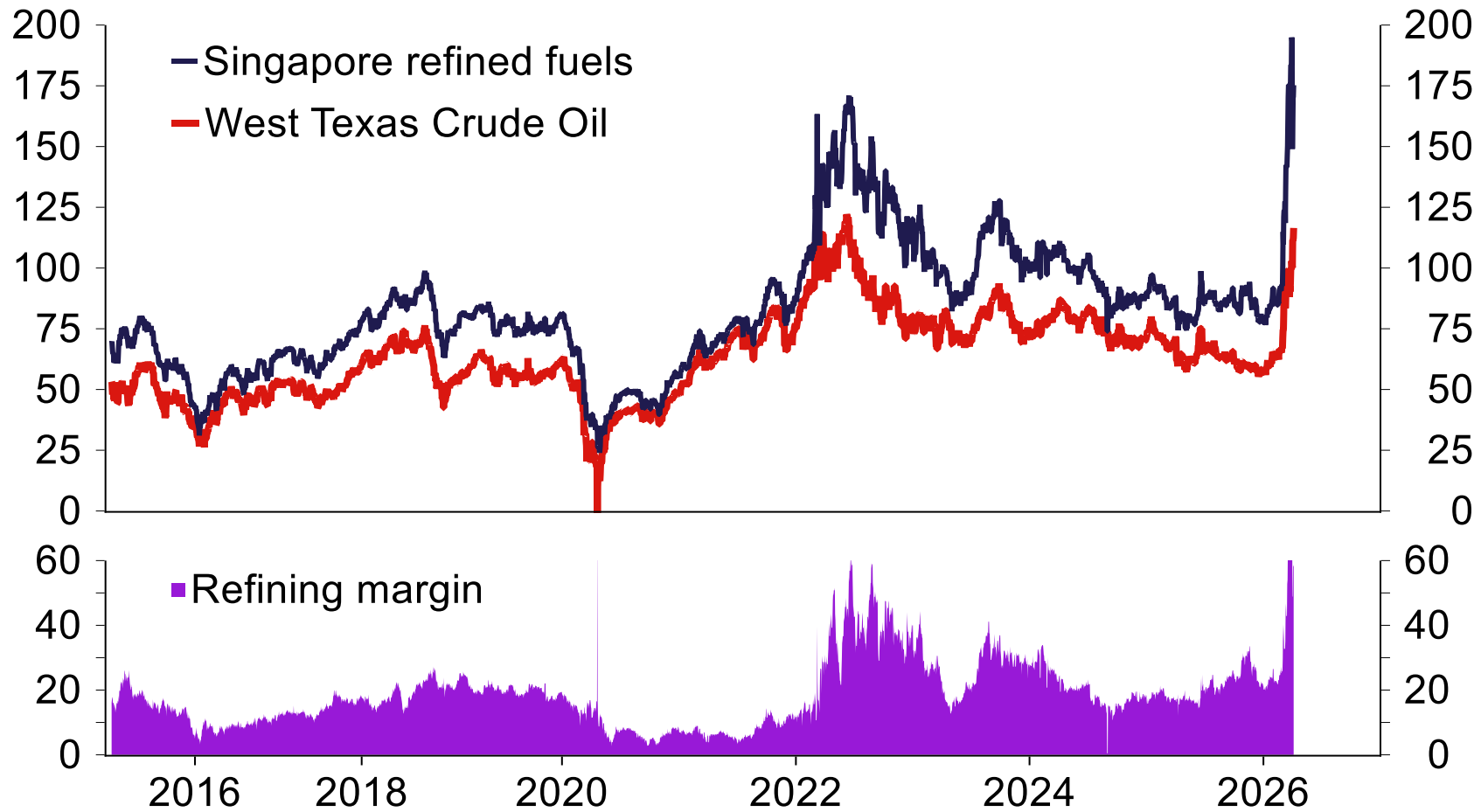
Exhibit 31: Singapore distillate stocks

Singapore Middle Distillate Inventories (mln bbls)



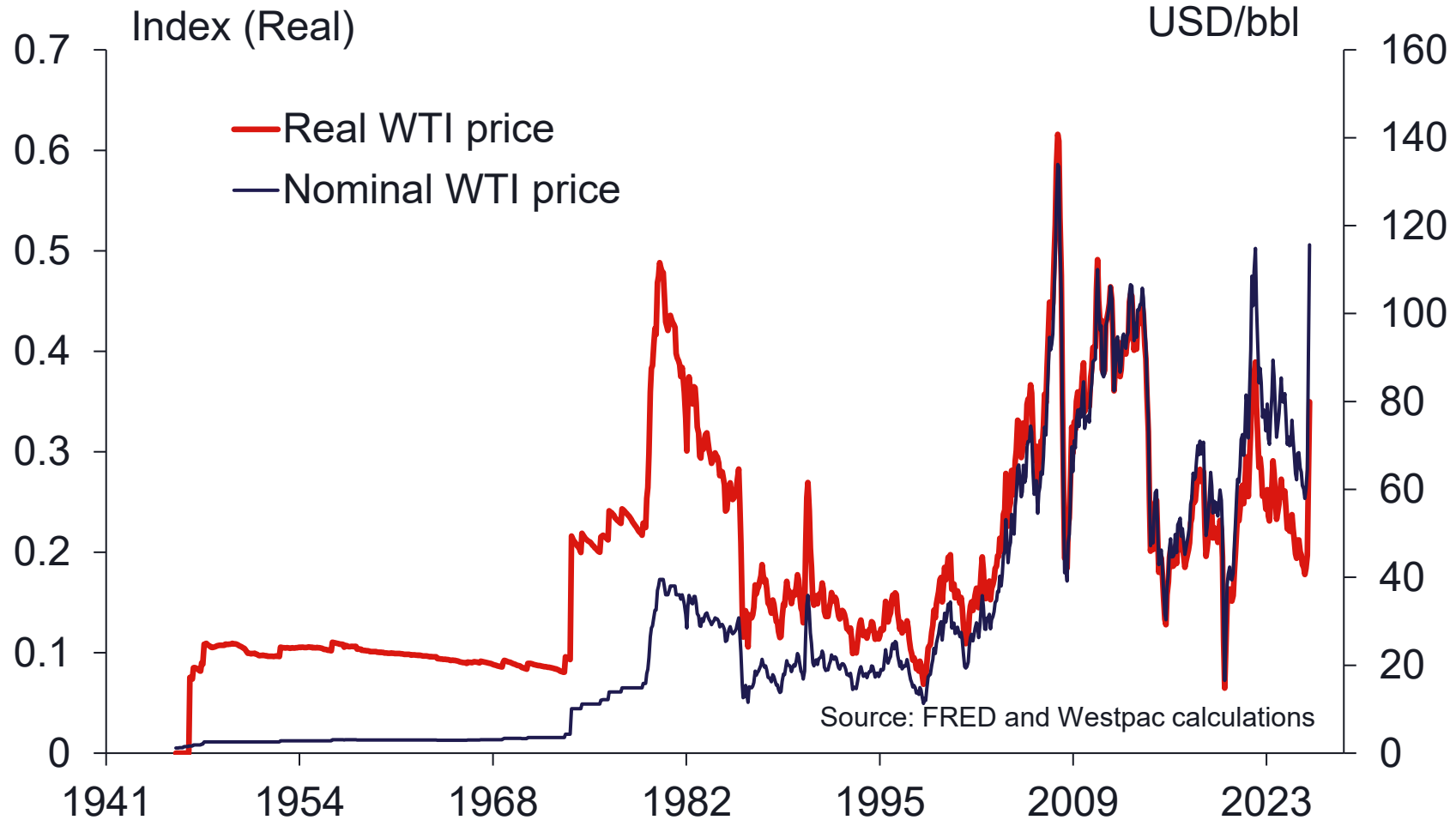
Source: IE Singapore.

Oil prices and refining margins have increased sharply



Sources: Macrobond, IMF, Westpac

Real Oil prices have spiked to high levels



Global fuel prices and NZ pump prices (91 unleaded) – \$3.30-3.40 likely

		NZD/ USD						
		0.55	0.56	0.57	0.58	0.59	0.60	0.61
Singapore refined gas (USD / barrel)	100	280	278	276	274	272	270	268
	110	292	289	287	285	283	281	279
	120	303	301	298	296	294	292	289
	130	314	312	309	307	304	302	300
	140	326	323	320	318	315	313	310
	150	337	334	331	328	326	323	320
	160	348	345	342	339	336	333	330
	170	359	355	352	349	346	343	340
	180	370	366	363	360	356	353	350
	190	380	377	373	370	366	363	360
	200	391	387	383	380	377	373	370

Source: Westpac

Fuel inventories at risk due to Hormuz closure

Available fuel inventories as at 1 April 2026 (days of cover)

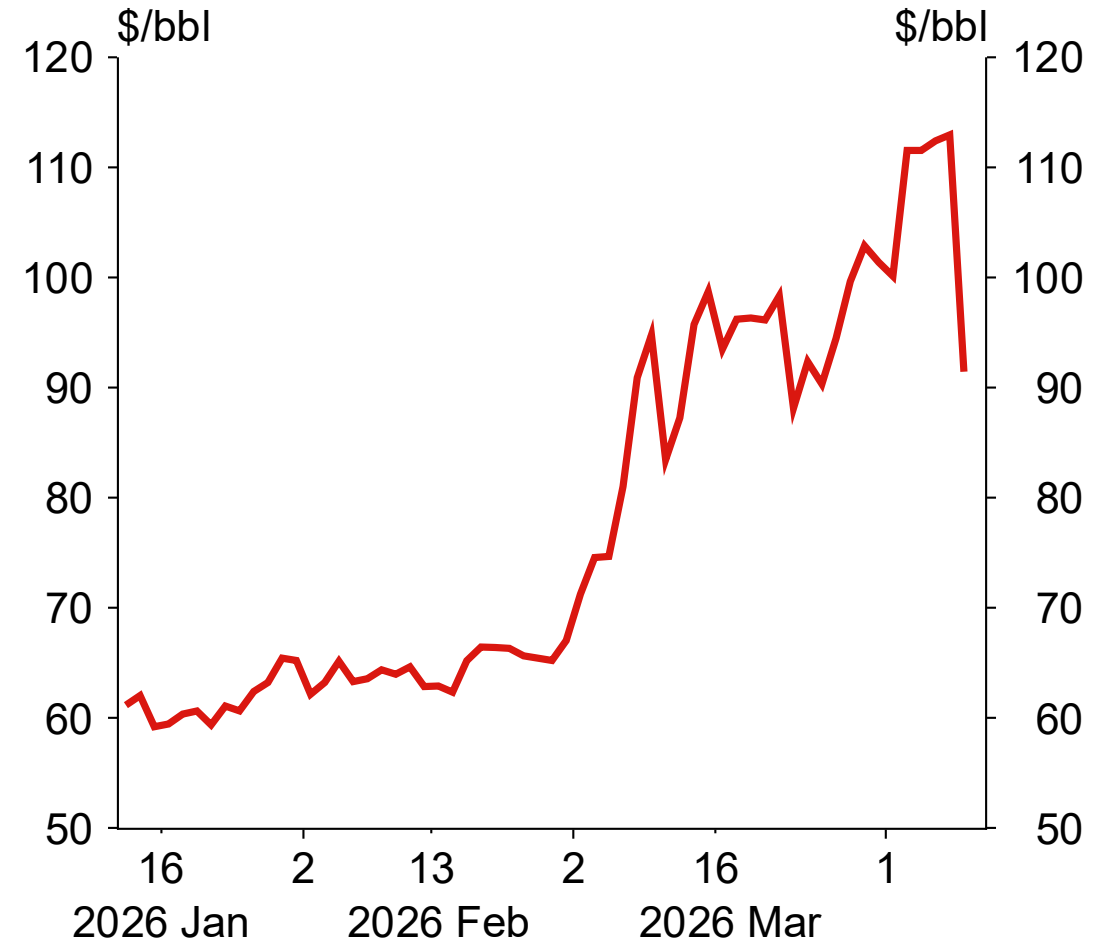
	Petrol	Diesel	Jet fuel
On hand	27	18	26
En route – in EEZ	3	8	1
En route – up to 3 weeks	32	26	23
Total	62	52	50

Two week cease fire agreed

Possible menu items:

- A permanent end of hostilities
- Guarantees that the U.S. and Israel won't attack Iran again
- Cease-fire agreements include Israel's war with Hezbollah in Lebanon
- All sanctions on Iran should be lifted
- All sanctions lifted on Iran's allies
- Iran takes control of the Strait of Hormuz
- Iran can charge fees on crossings through the Strait
- The toll money is used for Iran's reconstruction
- The toll fees in Hormuz will be shared with Oman

WTI Crude Oil

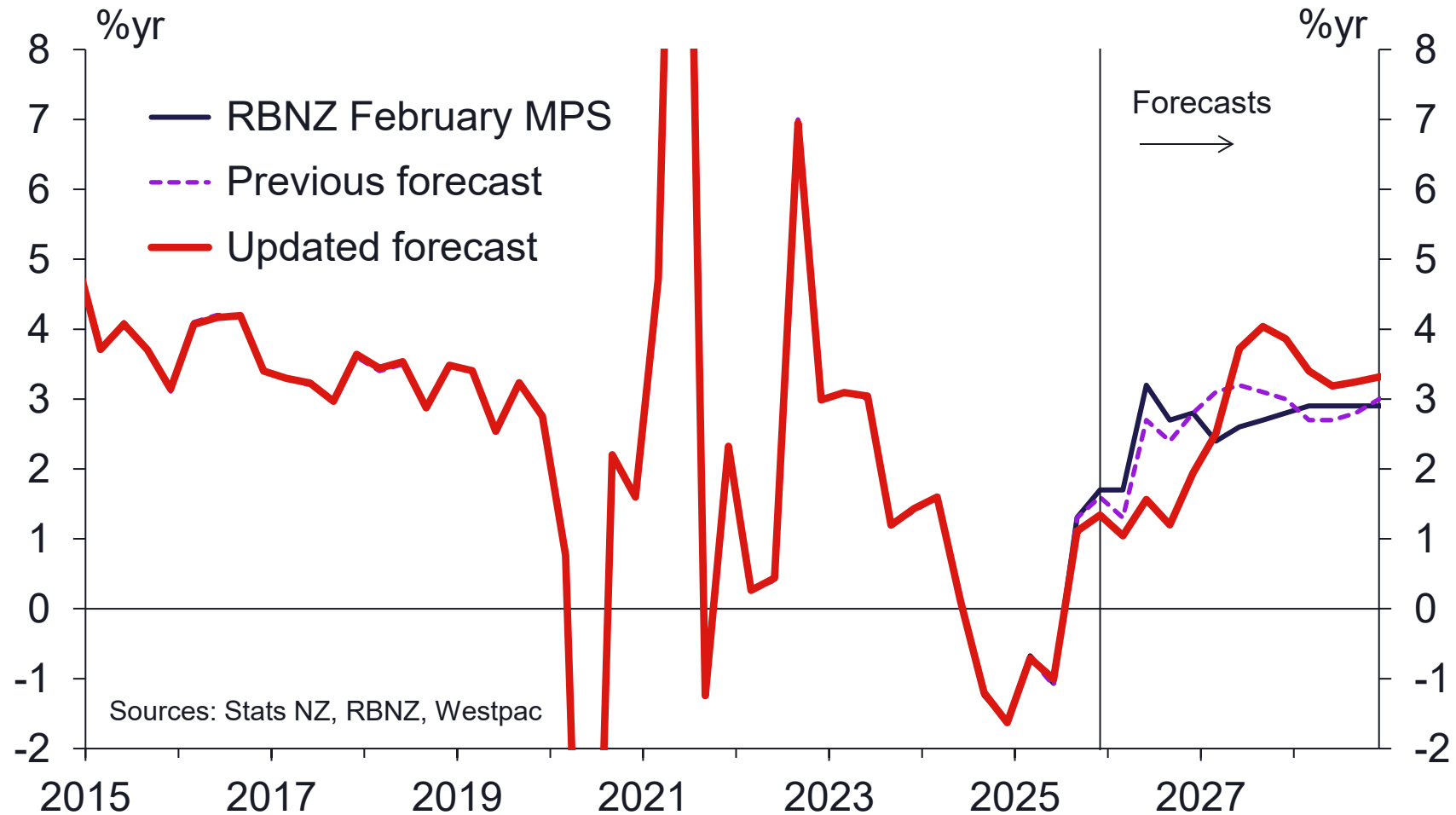


Sources: Macrobond, Westpac

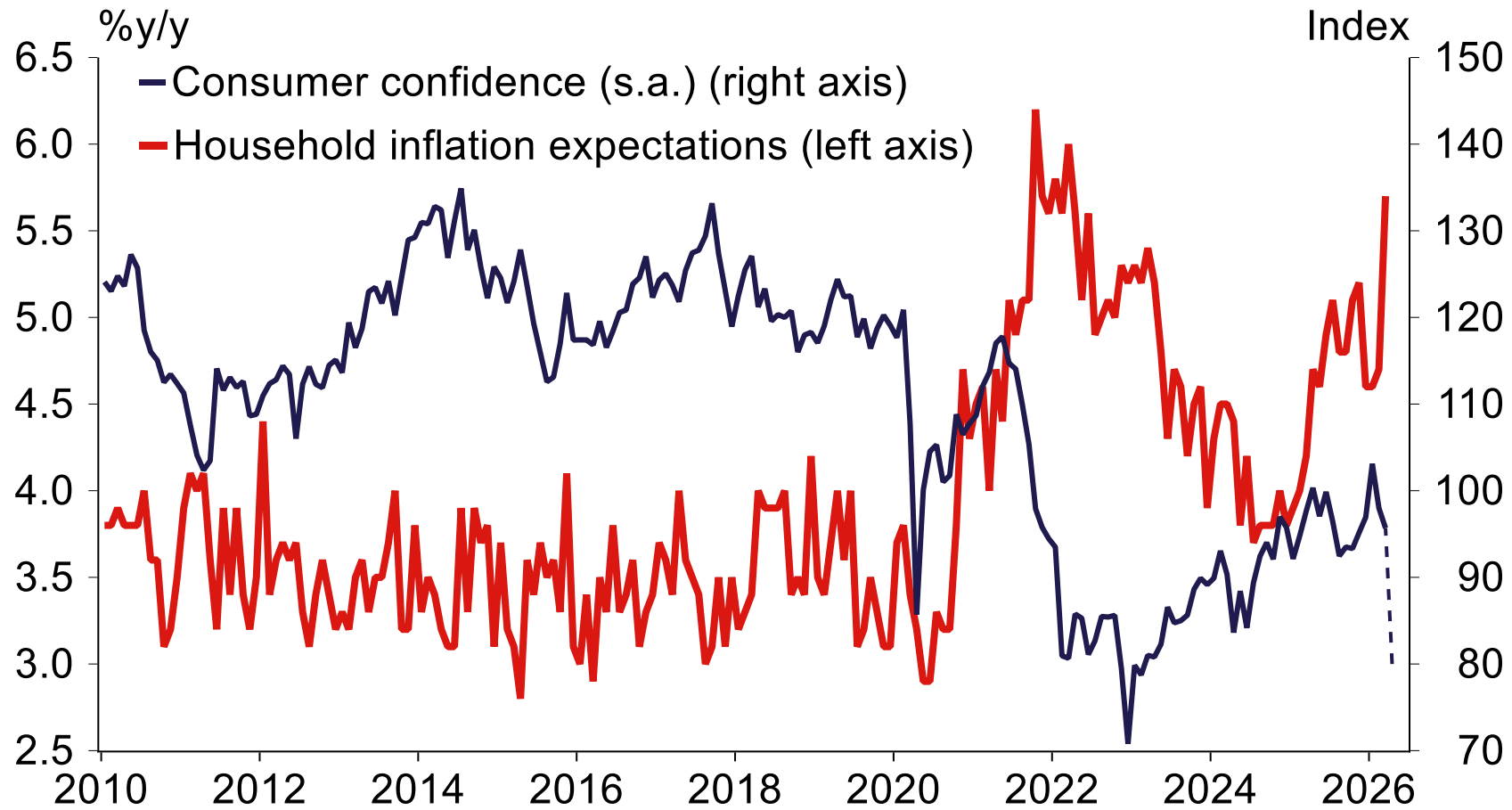
Revised economic forecasts



GDP growth forecasts – sharp revision to 1.9%, -0.4% in Q2

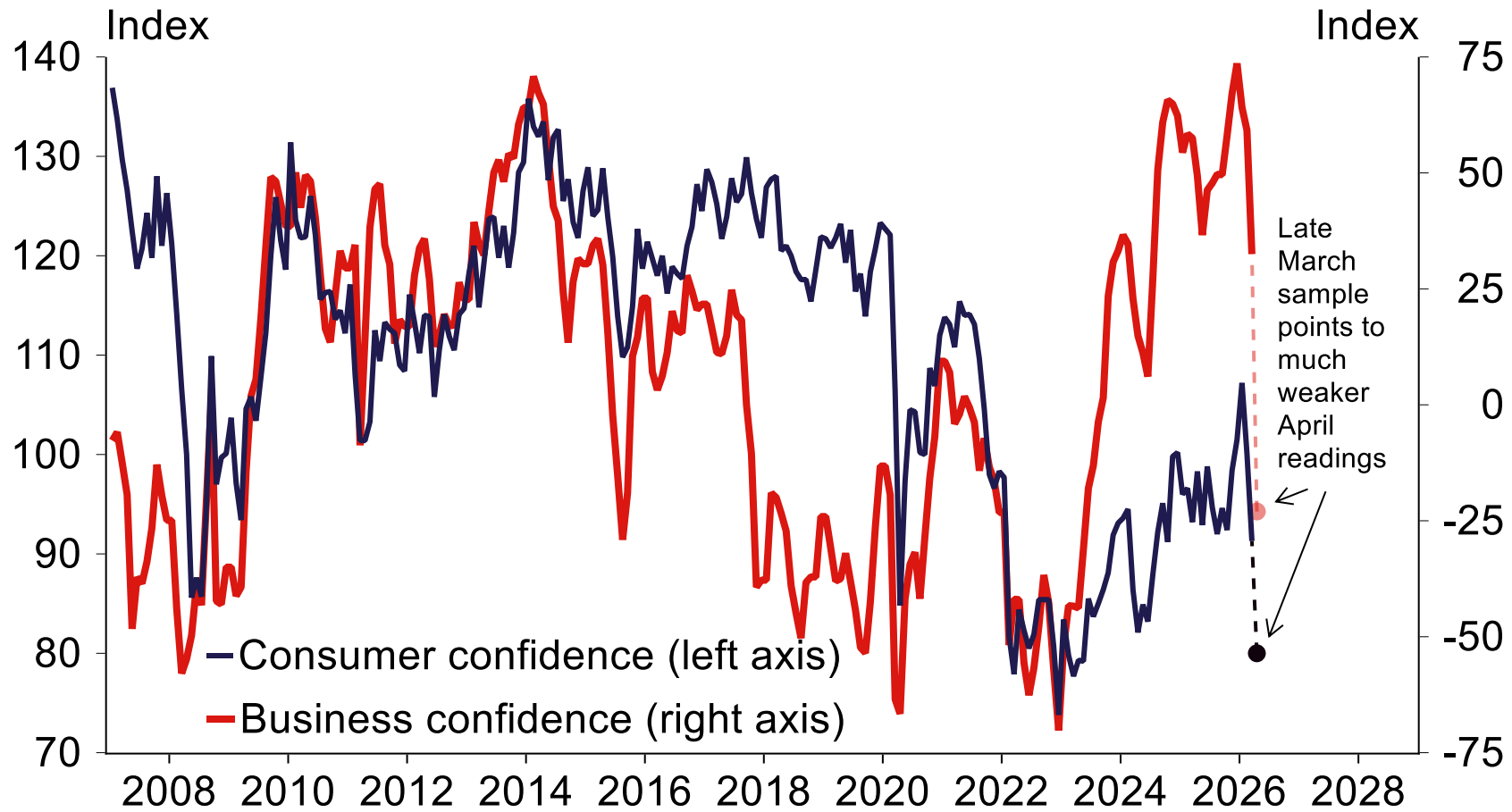


Consumer confidence has cratered



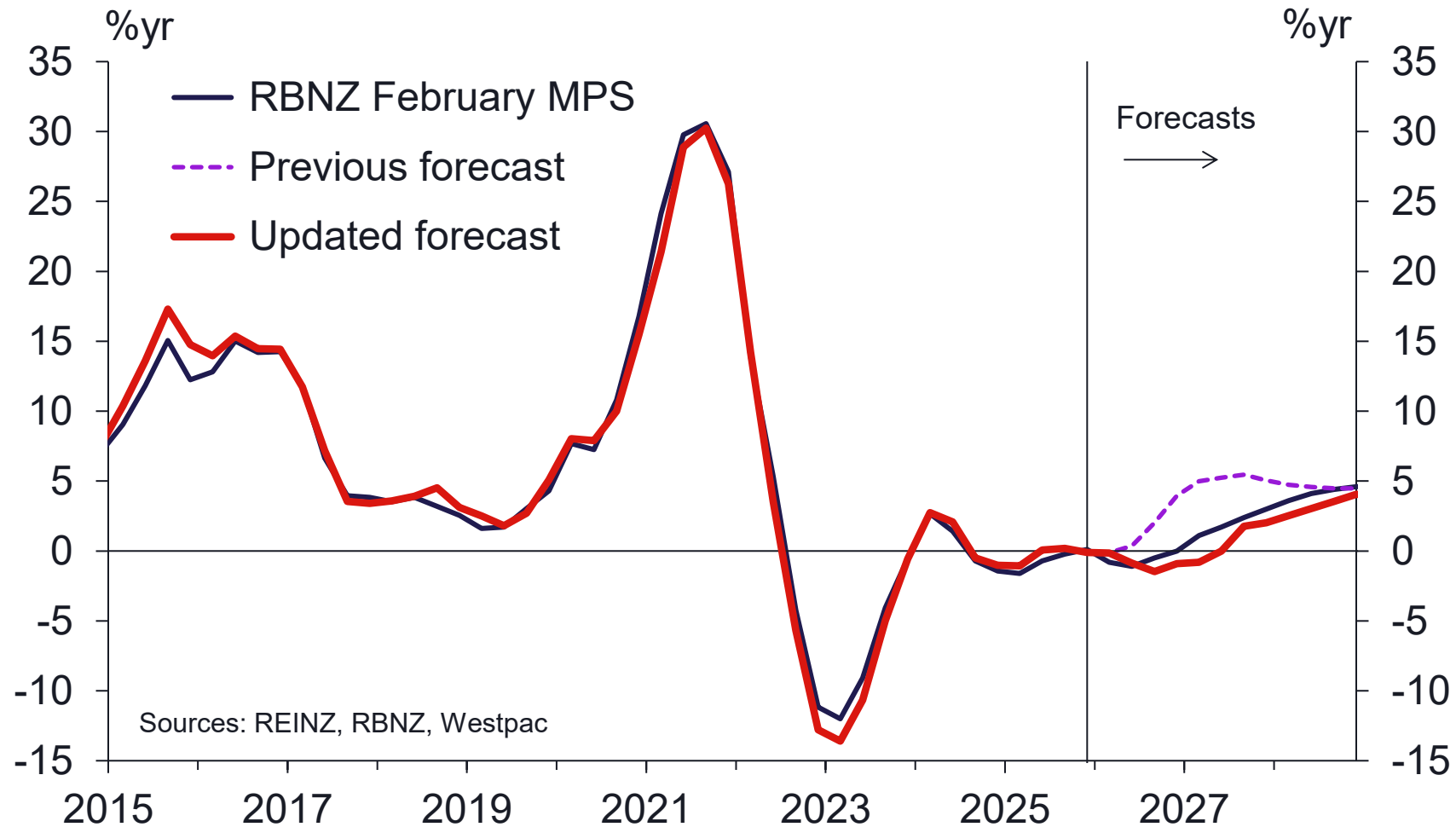
Sources: Macrobond, ANZ, Westpac New Zealand, Westpac

Headline consumer and business confidence

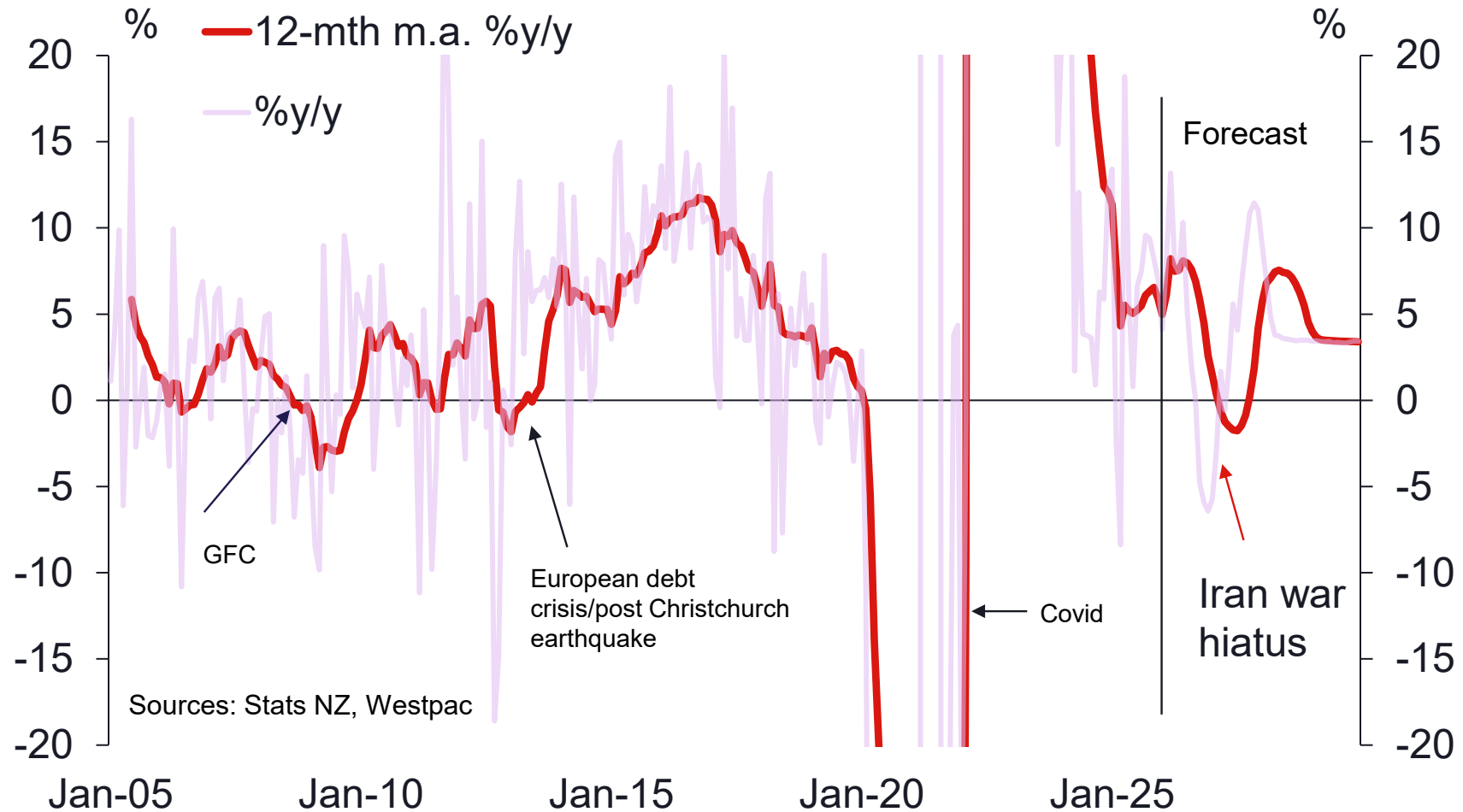


Sources: Macrobond, ANZ, Westpac

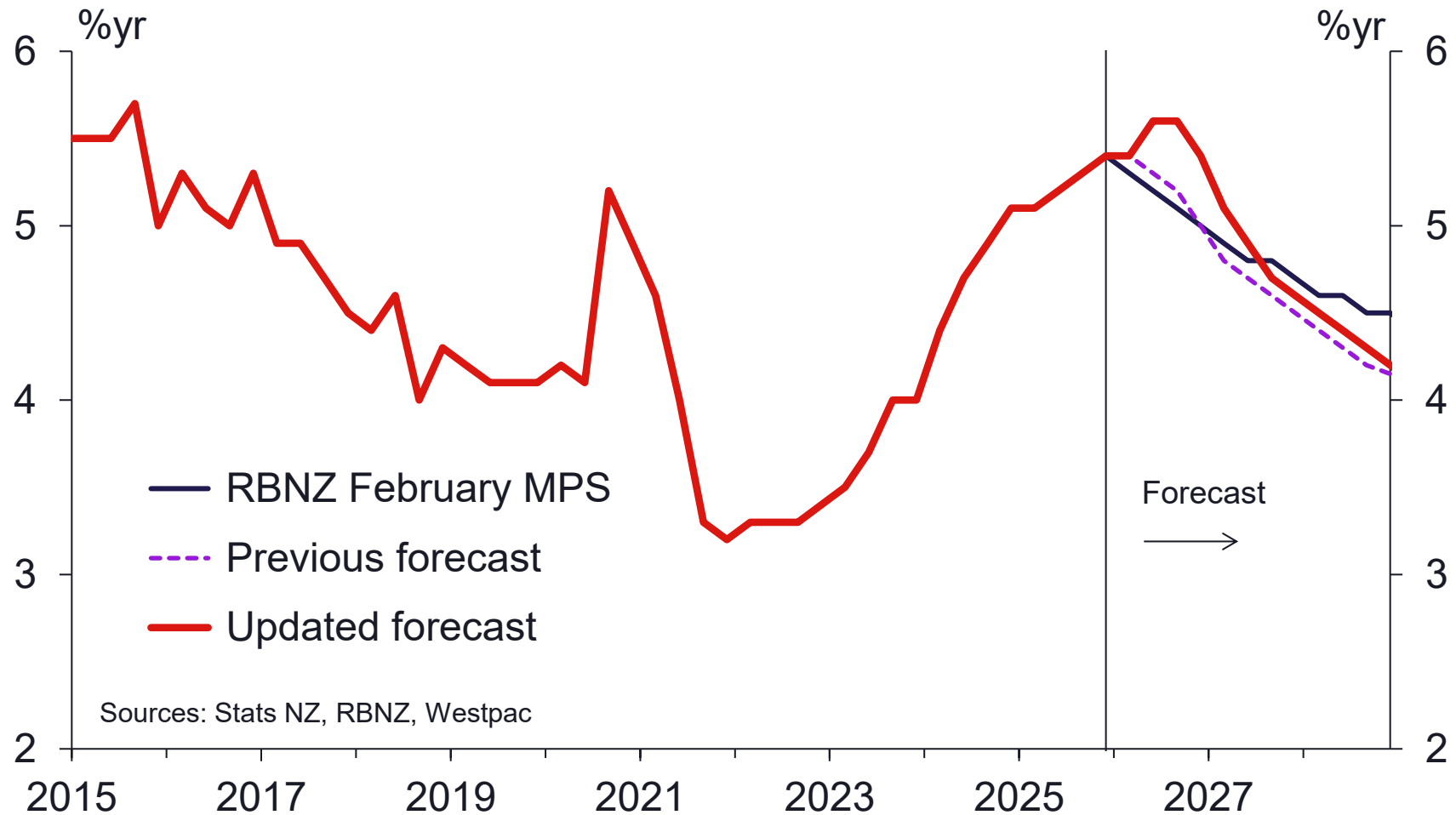
House price recovery is on ice – falling prices in 2026



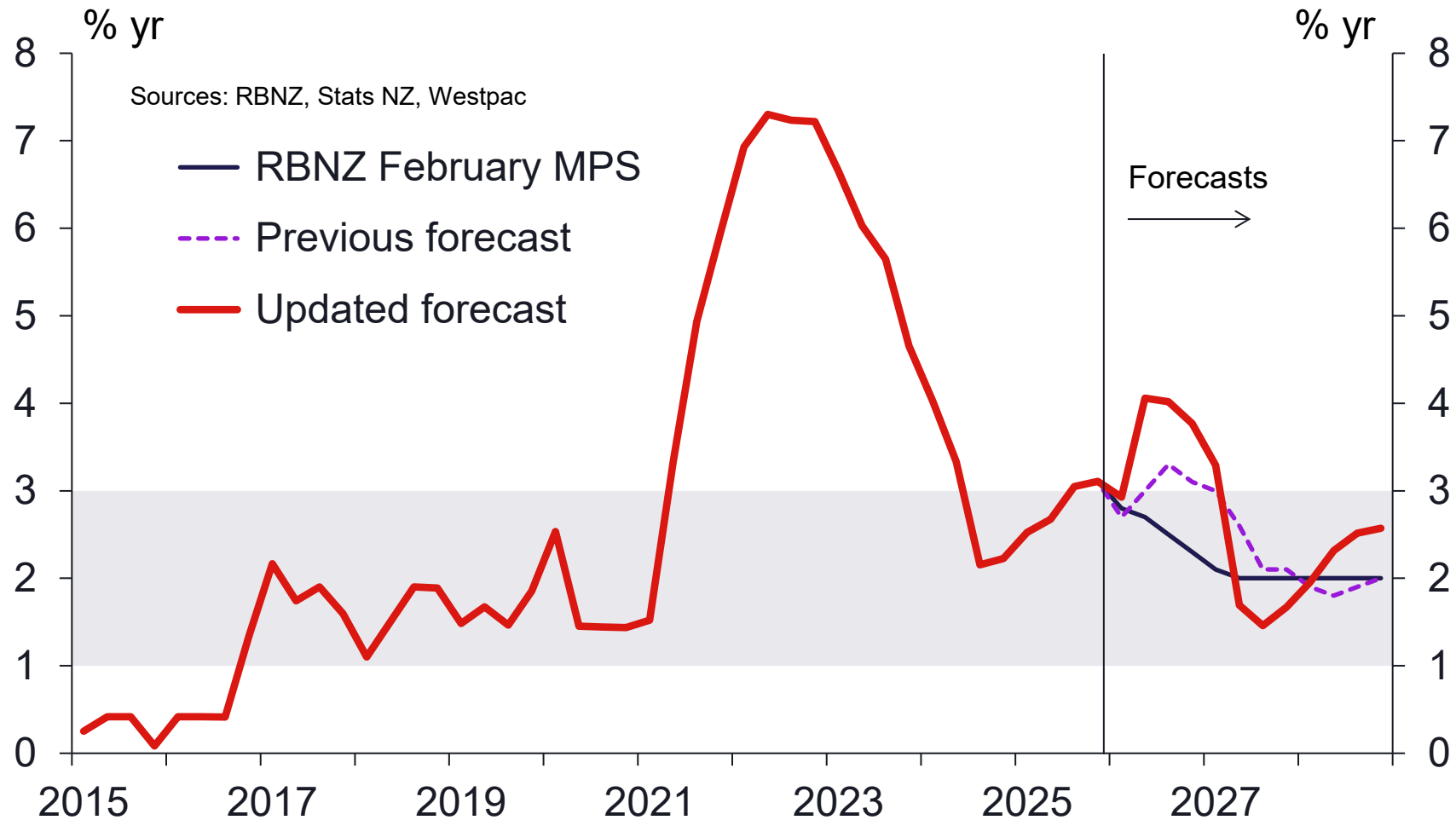
Short term visitor arrivals to drop back sharply



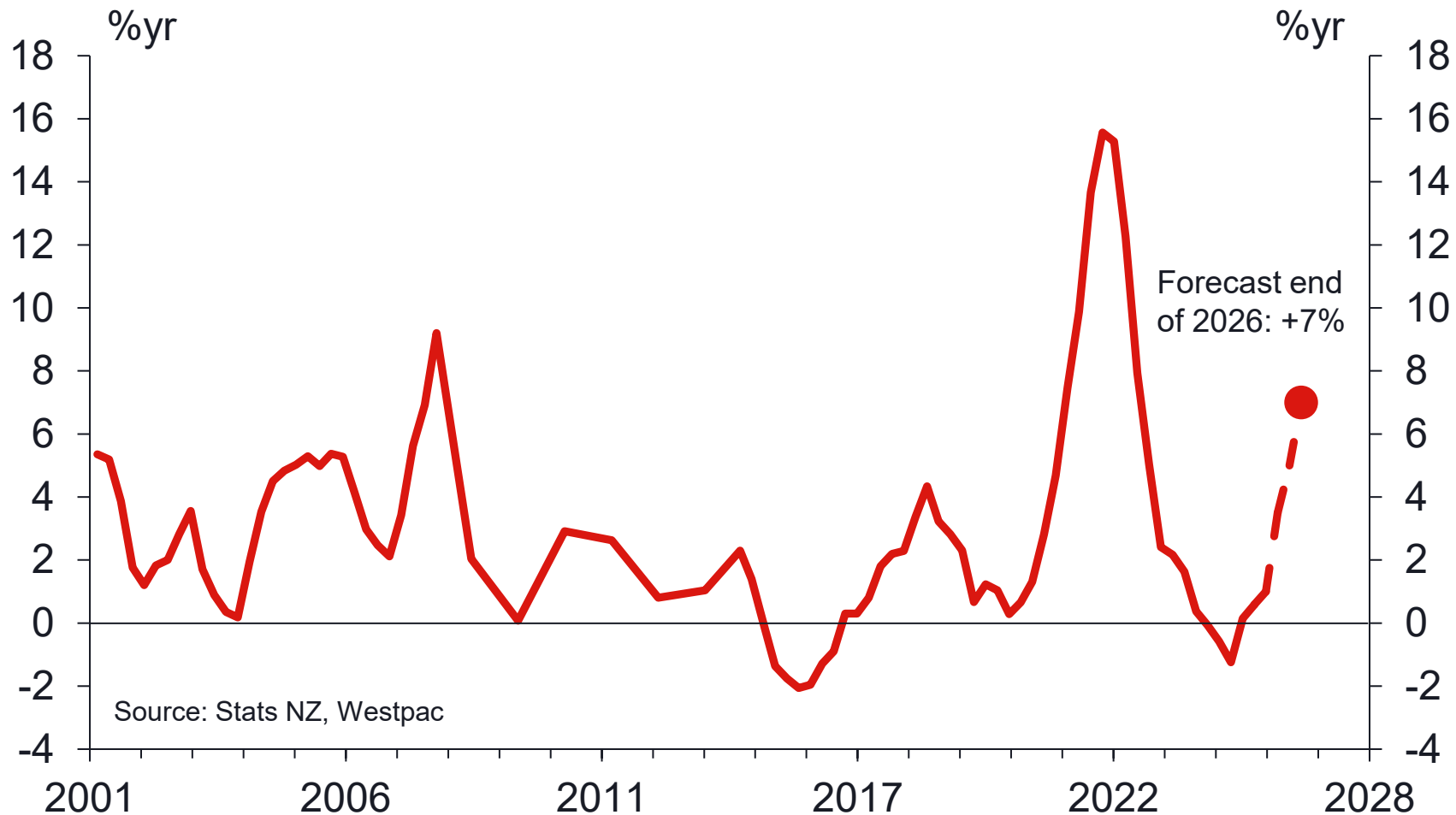
Unemployment rate – no fall in unemployment this year



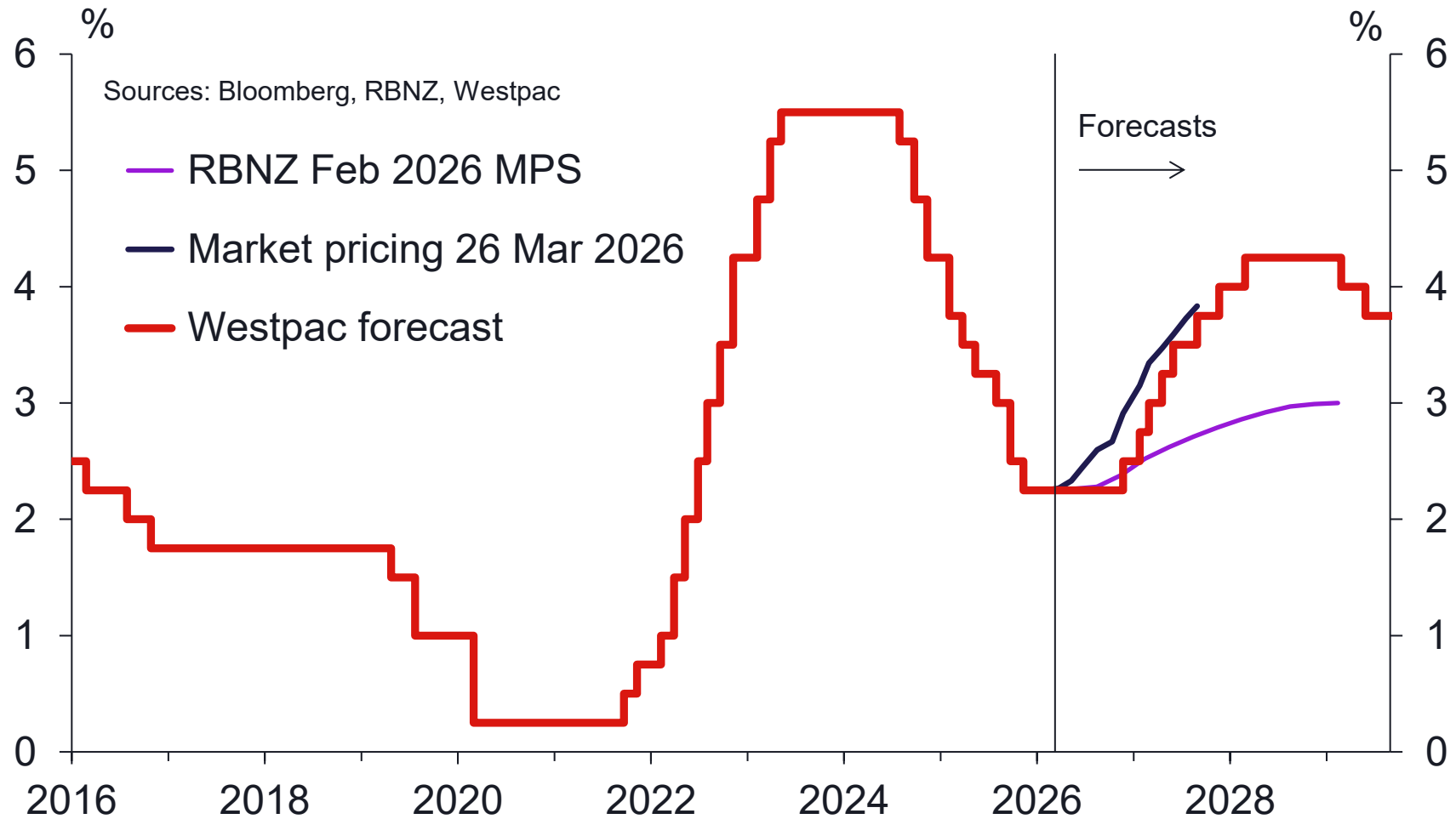
Inflation forecasts – CPI in inflation to top 4% in 2026



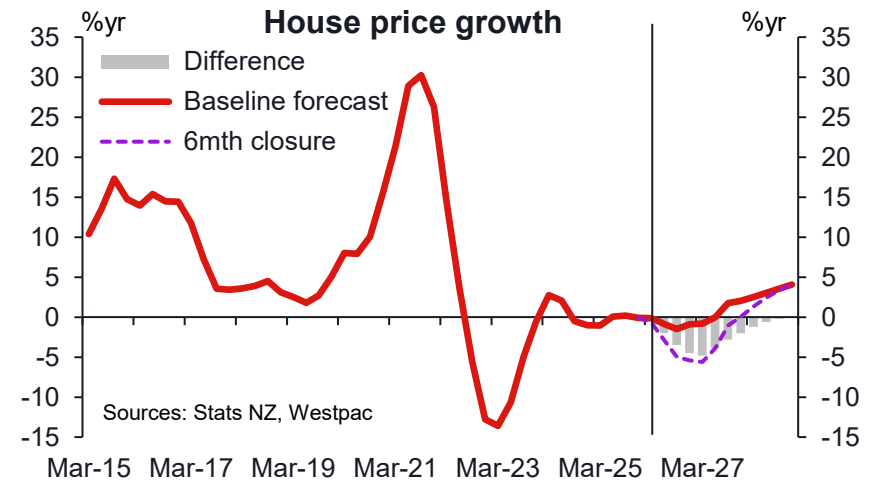
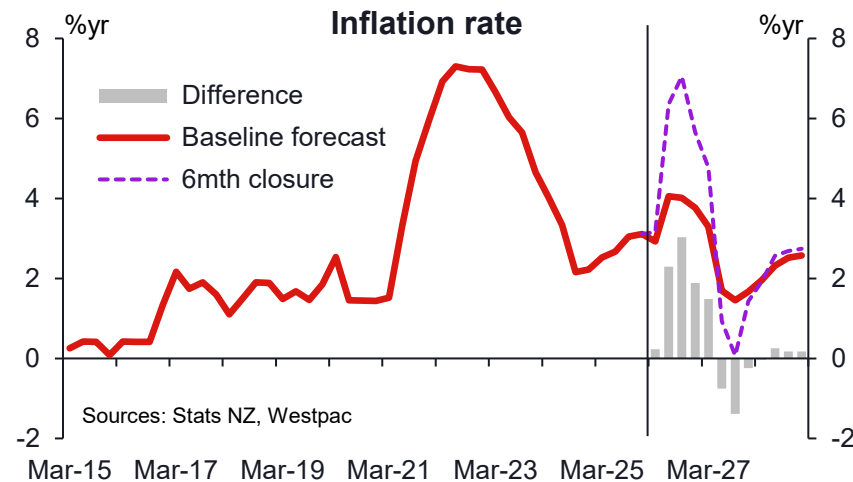
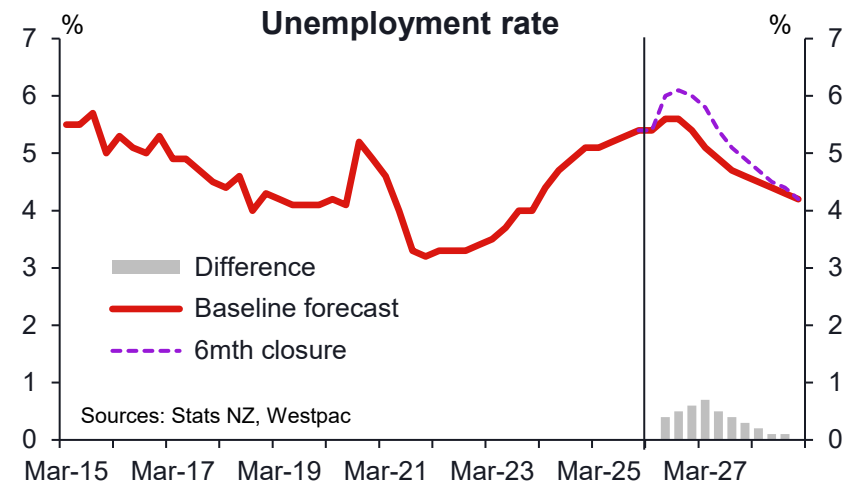
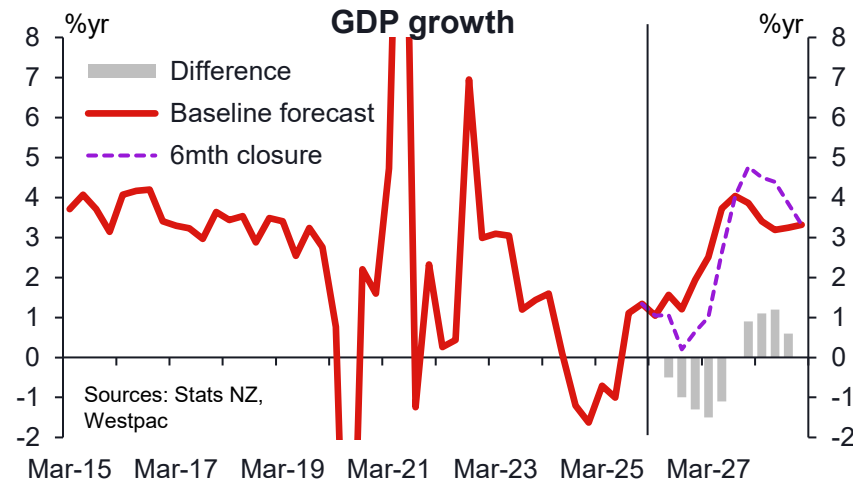
Farm Input Expenses – rising strongly



Official Cash Rate forecasts



Alternative scenario – 6mth closure of Strait of Hormuz



Questions and issues



Economic forecasts

Economic indicators	Quarterly % change				Annual % change			
	Mar-26	Jun-26	Sep-26	Dec-26	2024	2025	2026	2027
GDP	0.8	-0.4	0.5	1.0	-1.6	1.3	1.9	3.9
GDP (annual average)	-	-	-	-	-0.3	0.2	1.5	3.5
Consumer price index	0.8	1.6	1.0	0.4	2.2	3.1	3.8	1.7
Employment change	0.2	0.0	0.3	0.7	-1.3	0.2	1.2	3.1
Unemployment rate	5.4	5.6	5.6	5.4	5.1	5.4	5.4	4.6
Labour cost index (all sectors)	0.5	0.6	0.7	0.6	3.3	2.0	2.3	2.2
Current account balance (% of GDP)	-3.7	-3.8	-3.8	-3.5	-4.7	-3.7	-3.5	-3.4
Terms of trade	-0.3	-0.5	3.7	1.5	8.9	3.5	4.4	3.4
House price index	0.4	-0.3	-1.3	0.2	-1.0	-0.1	-0.9	2.0

Financial forecasts	End of quarter				End of year			
	Mar-26	Jun-26	Sep-26	Dec-26	2024	2025	2026	2027
Official Cash Rate	2.25	2.25	2.25	2.50	4.25	2.25	2.50	4.00
90 day bank bill	2.45	2.45	2.50	2.90	4.45	2.52	2.90	4.25
2 year swap	3.30	3.60	3.85	4.10	3.64	2.71	4.10	4.40
5 year swap	3.90	4.10	4.20	4.30	3.73	3.27	4.30	4.45
10 year bond	4.75	4.80	4.95	4.95	4.50	4.27	4.95	5.10
TWI	66.9	66.5	67.8	68.9	69.5	66.4	68.9	72.5
NZD/USD	0.59	0.59	0.61	0.62	0.59	0.57	0.62	0.67
NZD/AUD	0.82	0.82	0.84	0.85	0.91	0.87	0.85	0.91
NZD/EUR	0.51	0.50	0.51	0.52	0.55	0.49	0.52	0.55
NZD/GBP	0.44	0.44	0.44	0.45	0.46	0.43	0.45	0.48

Source: Westpac forecasts as at 25 March 2026

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